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# The Impact of COVID-19 on Football in Finland

Analysing the Effects on Business Operations and  
Finances

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## Abstract

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The COVID-19 pandemic has had significant effects on the business of football in Finland, particularly in terms of revenue streams. The study explores how the pandemic has impacted various revenue streams such as broadcasting rights, sponsorship deals, ticket sales, merchandising, player transfers, prize money, expenses, infrastructure, and ownership models. The study also examines how these revenue streams have affected the financial competitiveness of Finnish football clubs.

To gain a deeper understanding of the effects of the pandemic, the study includes case studies of three Finnish football clubs: IF Gnistan, Honka, and HJK. These case studies investigate how these clubs have adapted to the pandemic, including their revenue streams, cost-saving measures, and new business opportunities.

The study also explores the impact of the pandemic on players, training, contracts, and strategies to attract supporters to the stadium. The study investigates the role of supporters in Finnish football and strategies that clubs have implemented to attract them back to the stadium. The study also examines the impact of the pandemic on homegrown players and the overall social impact of the pandemic on Finnish football.

The research concludes with a discussion of changes in operations, finances, human resource management, homegrown players, social impact, and future implications including fan behaviour, balance of power, and adoption of new technologies. The study highlights the need for Finnish football clubs to diversify their income streams and update their prize money system to improve financial competitiveness.

Overall, this thesis employs a case study methodology to examine the effects of the COVID-19 pandemic on the business of football in Finland, including case studies of three Finnish football clubs. The research sheds light on the challenges faced by Finnish football clubs during the pandemic and offers insights and recommendations for improving the financial competitiveness of these clubs in the future.

Keywords: Business of football, Operations, Finances, COVID-19

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## **Glossary**

AVI	Alue Hallinto Virasto
CEO	Chief executive officer
COVID-19	Coronavirus, caused by SARS-CoV-2 virus
FIFA	Fédération internationale de football association (International Association Football Federation)
UEFA	Union of European Football Associations
VIP	Very important person

# 1 Introduction

The COVID-19 pandemic has had a profound impact on societies worldwide, affecting virtually all aspects of life, including sports. In Finland, football is one of the most popular sports, with a long and rich history dating back over a century (Palloliitto, 2022). The pandemic has hit football hard, causing significant financial and operational challenges for clubs and players alike (Parnell et al., 2020). The research question for this thesis is: How has COVID-19 affected operations and finances in Finnish football teams? To answer this question, this thesis examines the impact of COVID-19 on Finnish football, with a particular focus on the financial and operational effects on four case studies: IF Gnistan, Honka, HJK, and a player of FC Honka.

The thesis is structured into eight chapters, each exploring different aspects of the impact of COVID-19 on Finnish football. Chapter 2 provides an overview of the coronavirus pandemic in Finland, while Chapter 3 examines the business of football, including broadcasting rights, sponsorship deals, merchandising and advertising, ticket sales, player transfers, prize money, expenses, infrastructure, and ownership models. The chapter also looks at the financial challenges faced by English Premier League football clubs and the role of players as assets or employees.

Chapters 4, 5, and 6 present case studies of IF Gnistan, FC Honka, and HJK, respectively, exploring their histories, revenue streams, financial performance, cost-saving measures, partnerships, and new business opportunities. Chapter 7 examines the effects of COVID-19 on players, including the impact on training, player contracts in Veikkausliiga, and the role of supporters.

Chapter 8 provides analysis and discussion of the findings of the thesis, exploring changes in operations, finances, human resource management, homegrown players, social impact, and future implications. The findings from the case studies will be compared to previous research. The chapter also discusses limitations of

the study and offers insights and optimism for the future of Finnish football. By examining the impact of COVID-19 on Finnish football from multiple perspectives, this thesis aims to contribute to a better understanding of the challenges faced by football clubs and players in the wake of the pandemic and to identify potential strategies for coping with those challenges.

## 1.1 Research method

For this study, the research method used was qualitative interviews. The aim of the study was to investigate the effects of COVID-19 on the operations and finances of Finnish football clubs. Qualitative interviews are an effective method of gathering in-depth and detailed information about individuals' experiences, perceptions, and behaviours (Singh and Shareef, 2022). This method was chosen as it allowed for a thorough exploration of the impacts of the pandemic on football clubs in Finland.

The use of qualitative interviews allows for a rich and detailed exploration of the effects of COVID-19 on Finnish football clubs, including IF Gnistan, FC Honka, and HJK. The findings of this study provide insights into the specific challenges faced by these clubs, including reduced revenue from ticket sales, sponsorship, and merchandise. Additionally, the study reveals how clubs have adapted to the pandemic, including the use of digital platforms to engage with fans and the adoption of cost-cutting measures to mitigate the financial impact of the pandemic. The interview with a player from FC Honka provides valuable insights into the effects of COVID-19 on players and the measures taken to keep players safe during training and matches.

Semi-structured interviews were conducted with representatives from a range of Finnish football clubs, including IF Gnistan, FC Honka, and HJK. In addition, a player from FC Honka was also interviewed to gain insights from a player's perspective. The interview questions were designed to elicit information about the specific challenges faced by these clubs as a result of COVID-19, including



changes to their operations and financial situation. The questions were developed based on a review of relevant literature and previous research on the topic.

This study employs a case study methodology to examine the unique context of football teams during the COVID-19 pandemic. Using Aaltio-Marjosola's (1999) framework, this study analyses and compares case descriptions developed through interviews with team members. This study seeks to provide a nuanced understanding of the ways in which football teams have been affected by and adapted to the pandemic by contextualising the findings within this theoretical framework. As a prevalent approach in business studies, case studies provide the opportunity to investigate the organisational behaviour of businesses and institutions in depth. This study contributes to the literature on sports management and business by shedding light on the challenges and opportunities Finnish football teams faced during the pandemic. (Aaltio-Marjosola, 1999.)

## 1.2 Previous research

The COVID-19 pandemic has had a significant impact on the world of sports, with many leagues and events being postponed or cancelled due to health concerns and government regulations (Krnjic, 2020). Football has been one of the most affected sports, with many matches being played without spectators and clubs facing financial difficulties due to the loss of revenue (Parnell et al., 2020). However, despite the impact on Finnish football, there is a lack of studies that specifically examine the effects of COVID-19 on its operations and finances. While there are studies that have been conducted on the effects of the pandemic on sports in general on an international scale, there is little research that focuses solely on Finnish football.

This lack of research makes it challenging for clubs, administrators, and policymakers to understand the full extent of the pandemic's impact on Finnish football. Without detailed analysis, it is difficult to develop effective strategies for

managing the financial and operational challenges posed by the pandemic. Several factors may contribute to the lack of research on COVID-19's effects on Finnish football. One possible reason is that Finland has a relatively small football market compared to other countries, which may make it less attractive for researchers to study.

## **2 Coronavirus pandemic in Finland**

Coronavirus (COVID-19) is an infectious disease caused by the SARS-CoV-2 virus. Typical symptoms include high fever, coughing, fatigue and loss of smell and taste. (WHO, 2020.) Studies have shown that up to 80 percent of people carrying the virus are asymptomatic (Henegan, Brassey and Jefferson 2020). The disease easily transmits between people who come into close contact, if one of these individuals is carrying the virus through respiratory droplets in the air. By the start of 2020, there had been over 100,000 confirmed cases of the virus across 90 countries around the world after which the World Health Organization announced COVID-19 as a global pandemic on the March 11, 2020. The virus continued to spread and by the end of October 2020, there had been almost 45 million confirmed cases and just over 1 million confirmed deaths from the disease. (WHO, 2021.)

According to the Finnish Institute of Health and Welfare, there were 60200 confirmed cases of COVID-19 in Finland by March 4, 2020. Deaths associated with the disease mainly occurred among the old and elderly, with 87,4 percent being 70 or more years of age. There were no deaths associated with the COVID-19 within the group of people under the age of 29. There were variations in the incidences of the virus between different areas in Finland, with several larger outbreaks occurring in different areas within the COVID-19 period. The area with the highest number of confirmed cases has been the Helsinki district. (THL, 2021.)

The government of Finland put the Emergency Powers Act into practice on the March 16, 2020, in an act to try to contain the virus and help the health services as the country was in a state of emergency. Evidence from other countries showed that strong and strict actions were needed to combat the spread of the virus. Restrictions and lockdowns were put into place, with sporting and other events completely cancelled in the spring of 2020. Employees were recommended to work remotely from home while some faced lay-offs and in some cases unemployment because of the COVID-19 crisis and mitigation actions. (Valtioneuvosto, 2020.) Schools were closed and teaching was conducted using different distance teaching methods. Families were recommended to take children out of day-care and keep them at home. (Valtioneuvosto, 2020.) The number of furloughs increased rapidly after March 2020, with the highest peak experienced in April 2020, when 164 000 people were furloughed full-time (Tilastokeskus, 2021).

### **3 Business of football**

The football business is a complex and dynamic industry with multiple revenue streams, such as broadcasting rights, sponsorship agreements, merchandising, ticket sales, premium seating, advertising, and player transfers. In recent years, the football industry has experienced significant revenue and investment growth from both domestic and international sources. However, the business of football is also subject to several challenges and uncertainties, including fluctuating economic conditions, altering supporter preferences and behaviours, and the impact of COVID-19 on attendance and revenue. (Hammerschmidt et al., 2021.)

#### **3.1 Broadcasting rights**

Broadcasting rights in football are the authorisation to transmit live or recorded coverage of football matches, events, and competitions over television, radio, or digital platforms. These rights are granted to media companies, such as

broadcasters and streaming services, who then sell advertising and other opportunities to monetise the coverage. (Gazapo, n.d.)

Significant revenue is generated by football teams and governing bodies, such as FIFA and UEFA, from the sale of broadcasting rights, which are typically sold through a tendering process to the highest purchaser. The proceeds from these rights are then divided among the participating teams and organisations, with a component used to promote the sport's growth. (We play holding, 2021.)

### 3.2 Sponsorship deals

Sponsorship arrangements in football are agreements between football teams and businesses in which the businesses provide financial or material support to the teams in exchange for various forms of advertising and exposure. This can include displaying the company's logo on the team's jerseys, signage at the stadium, and pre- and post-game coverage. (Fcbusiness, 2022.)

Sponsorship agreements are a significant source of revenue for football teams and are used to fund their operations, including player salaries, facility enhancements, and other costs. Sponsorship agreements with football teams allow businesses to reach a large and engaged audience, develop brand awareness, and connect emotionally with consumers. (Handley, 2017.)

### 3.3 Merchandising and advertising

Marketing and merchandising have become essential components of football organisations' operations as they have realised the importance of these activities in generating revenue and enhancing their brand identity. There are two distinct classifications of demand for goods and services offered by football clubs: direct demand and derived demand. Direct demand refers to match-related activities such as attendance and broadcasting, whereas derived demand refers to products and services that are indirectly associated with matches, such as marketing campaigns and product sales. (Borland, 2003.)

English Premier League clubs devote the most resources and time to rebuilding their brand identity and enhancing their marketing proficiency among European divisions. They intend to acquire prominent athletes in an effort to increase revenue and sale of promotional products. (Relvas et al, 2010.) Twitter has emerged as an effective marketing instrument for football clubs to engage directly with their fans, promoting merchandise and providing team updates (Chung, 2016).

In football, merchandise refers to the sale of objects bearing a club or player's name, logo, or image, such as jerseys, hats, and scarves. Promotional strategies utilised by football clubs for their merchandise include stadium sales, online sales, retail stores, and partnership agreements. Especially for those with a global following, club partnerships with well-known brands can lead to a substantial increase in merchandise sales. (Gummerus, 2011.)

In contrast, marketing is the process of promoting products or services to prospective consumers. Various marketing strategies, including advertising, social media, sponsorships, and events, are utilised by football organisations to promote their brand. Advertising is frequently exhibited on multiple platforms, including television, the Internet, and print media. (Price et al., 2013.) Partnerships between football clubs and sponsors afford both parties the chance to expand their visibility and audience reach (Gummerus, 2011).

The true value of social media resides in promoting football clubs to a global audience of supporters, not in generating direct revenue. Social media serves as a revenue generator for organisations, with marketing being its primary benefit. In addition, newer generations are using social networks such as Twitter and Facebook to follow football news and express themselves, thereby strengthening the relationship between clubs and fans. (Chung, 2016.)

### 3.4 Ticket sales

Ticket sales make up the revenue generated by the sale of tickets to football matches. Ticket sales are a significant source of revenue for football teams, and the price and availability of tickets can have a substantial effect on match attendance and atmosphere. Ticket sales also play a significant role in determining the overall revenue generated by a football team and by the sport as a whole. Ticket sales can also be affected by factors such as the prominence of the team and its players, the calibre of the match, the location and size of the stadium, and the state of the economy. (Football-stadiums, n.d.)

#### 3.4.1 Premium seating and hospitality

Premium seating and hospitality in football refer to the premium seating and hospitality offered to supporters attending football matches. Typically, these experiences include access to exclusive seating areas, gourmet food and drink options, and other premium amenities. Premium seating and hospitality experiences are intended to provide football supporters with a more luxurious and VIP experience and are a significant revenue source for football teams. These experiences are typically marketed at a higher price point than standard seating options, and teams frequently use them to generate additional revenue from supporters willing to pay more for a premium experience. (Football-stadiums, n.d.)

### 3.5 Player transfers

In football, player transfers refer to the migration of professional footballers from one club to another. Transfer fees, which are paid by the club acquiring the player to the club selling the player, are a significant source of revenue for football clubs. A number of factors, including the player's age, aptitude, and market value, determine the transfer fee. Younger, more accomplished players typically command higher transfer fees, as clubs are more inclined to invest in their future

success. In addition, the transfer fee can be affected by the player's existing contract, the club's financial situation, and other variables. (Quick, 2017.)

Player transfers can generate additional revenue through player loans and percentage-based clauses in addition to transfer fees. Player loans enable clubs to temporarily lease players to other clubs, generating revenue through loan fees and possible player performance bonuses. In the event that a player is transferred to another club in the future, percentage-based clauses enable clubs to receive a portion of the transfer fee. (Chakraborty, 2022.)

### 3.6 Prize money

In football, prize money is a form of monetary compensation awarded to individuals or teams that compete in leagues, cups, or tournaments. The quantity of prize money is determined by the team or athlete's level of competition and accomplishment. This reward is essential because it provides winners with substantial monetary prizes that can be used to cover operational expenses, such as player salaries, infrastructure enhancements, and other costs. In addition, prize money can be used to entice exceptional players to join a team and encourage them to perform their best. (Miller, 2022.)

The manner in which prizes are distributed varies by tournament. Some tournaments divide the prize money equitably among all participating teams, while others base the amount on each team's performance. (Buraimo, 2008.) In football leagues, the quantity of prize money is typically determined by the final league standings, with the winning team receiving the largest portion. Since prize money is frequently distributed on a tiered basis, teams in lower divisions typically receive fewer rewards than those in the highest division. (Cox, 2012.) In contrast, cup tournaments typically award a fixed amount of prize money per round. The prize money increases as teams advance in the competition, with the winner obtaining the largest reward. In significant international competitions such as the World Cup and the European Championship, prize money can also be substantial. (Buraimo, 2008.)

The distribution of football prize money can have a significant impact on the sport's standard of competition. Because they can allocate more resources to infrastructure and player compensation, teams that win more money may have an advantage over their rivals. This can create an imbalanced playing field, making it difficult for smaller organisations to compete. (Buraimo, 2008; Cox, 2012.)

Critics have criticised the Champions League prize distribution scheme for aggravating financial disparities between domestic league clubs. Due to their inability to qualify for the Champions League, these funds are unavailable to smaller clubs. The prize money could be divided equally between the winner and the remaining clubs in the domestic division in which the winner plays. This would ensure that the winner obtains a substantial prize while simultaneously increasing the level of competition in the domestic league. (Menary, 2015.)

It is noteworthy that teams competing at the highest level are the only ones to win major prize money, whilst lower-level competitions have little bearing on a club's earnings due to the lower amounts at stake. In addition, organisations with a higher profile may face fewer revenue restrictions and enjoy superior gains from prize money and other targeted income sources. (Buraimo, 2008; Cox, 2012.)

### 3.7 Expenses

As in any other industry, successful football organisations must employ effective cost management. The majority of their expenses are comprised of player salaries, non-player personnel salaries, and transfer fees. (Lima, 2018.) Transfer contracts determine player remuneration, so transfer fees and player salaries are often intertwined. The salaries of non-player personnel are also essential, but they are often overlooked. The expenditure patterns of a football club depend on its ownership and management. Wages and transfer fees account for the majority of the financial disparities between football clubs. (Dimitropoulos & Scafarto, 2019.) By offering higher salaries, wealthier club proprietors can outbid less



affluent clubs for the best athletes, resulting in economic inequality (Andreff, 2007). UEFA has implemented financial fair play regulations to regulate the compensation expenditures of all European teams and encourage competition among them (Dimitropoulos & Scafarto, 2019). These regulations resemble government policies intended to encourage competition among businesses within a given market. However, research on staff compensation is limited, and wage and transfer costs continue to surpass non-player staff expenses. Therefore, football organisations require efficient cost management. These organisations can achieve long-term financial sustainability and improve their overall competitiveness by employing responsible cost management practises and adhering to financial fair play regulations. (Andreff, 2007.)

### 3.8 Infrastructure

Infrastructure is an essential component of football as a sport. This infrastructure includes stadiums, training facilities, medical and rehabilitation centres, and other essential amenities for the management of a football club. Although football organisations can invest in a new and enhanced stadium to attract more supporters, the correlation between football infrastructure and athletic or financial performance is poorly understood. Stadiums are essential to both football organisations and spectators. The fact that supporters view their club's stadium as analogous to their own residences exemplifies the significance of a stadium to its supporters. However, the construction of infrastructure for a single tournament, such as stadiums, can be wasteful. Numerous stadiums and training facilities constructed for the 2014 FIFA World Cup in Brazil have been abandoned, resulting in a decline in social welfare. (Charleston, 2009.) The English Premier League prohibits home and away teams from sharing gate revenues, so the home team receives one hundred percent of each game's revenue (Robbinson, Simmons, n.d.). In order to increase ticket sales, this has created an incentive for teams to construct larger, more aesthetically appealing stadiums. There are four primary stadium ownership structures among English Premier League clubs:

1. The primary owner of the club and the stadium is a holding corporation.
2. The club and stadium are two separate limited liability corporations reporting to the same controlling company.
3. One individual owns both the club and the stadium.
4. The stadium and the club are both owned by the same public limited company, which in turn is owned by a holding corporation.

Nonetheless, subjective circumstances have resulted in a number of ownership structures that do not adhere to these four models. (Sroka, 2020.)

### 3.9 Ownership models

Since the foundation of the English Premier League in 1992, three ownership models have emerged, each with distinct objectives and metrics of success: the stock market ownership model, the fan trust ownership model, and the foreign ownership model (which has become increasingly prominent since 2004). Although all three models are legally enforceable, the kind of ownership may affect the football club's administration and, by extension, finances. (Allen, 2013.)

#### 3.9.1 Stock market ownership

Under the concept of stock market ownership, a club is traded openly on the stock market. The underlying concept of the stock market model would enable a football team to obtain funds, for example towards stadium renovations. The stock market model must give a return on investment for the club's shareholders, or it would not be seen as a solid business venture. Therefore, the success metric would be return on investment rather than performance on the field. (Allen, 2013.)

### 3.9.2 Foreign ownership

The concept of foreign ownership is one with which we are all acquainted. The bulk of the club's funds are spent on inflated transfer fees and extravagant pay budgets when an extremely rich person from outside of England purchases an English Premier League football club. Therefore, the primary measure of success for this kind of ownership structure is victory on the field, not financial achievement. Any return on investment would consist only of trophies since there is only one owner who does not need a monetary profit from his/her endeavour. (Allen, 2013.)

### 3.9.3 Fan trust ownership

The supporter trust concept is a form of ownership that is not common in the major football leagues less frequently. During the 2017-2018 season, only six clubs under this ownership style played in the leagues considered as the top five (Spanish, English, German, Italian and French). Real Madrid, Athletic Club de Bilbao, and FC Barcelona are members of the Spanish Liga, while the other three are members of the Bundesliga (Schalke 04, Mainz 05 and SC Freiburg). In member associations, supporters pay a fee in exchange for the opportunity to vote in board of director elections. (Sanchez, Barajas and Sanchez-Fernandez, 2020.)

### 3.9.4 Association between ownership structure and financial performance in English football

The disparity between English Premier League income and expenditures can be analysed in light of the recent changes in English Premier League team ownership structures. In the past decade, there has been a shift away from publicly traded organisations and towards privately owned ones. In addition, the majority of this transition to private ownership has been towards the foreign ownership model, whereas the number of teams held domestically has remained relatively stable. While English Premier League teams' revenue has continued to increase, their profitability has significantly deteriorated, resulting in a surge in

debts and losses. A portion of these losses may be attributable to a transition away from the stock market ownership model, in which profit maximisation is the primary objective, and towards private investors (most notably foreign benefactors). Recent losses at Chelsea and Manchester City, for example, have been attributed to a rise in transfer fees and player salaries, which were funded by each club's wealthy foreign donor. At these organisations, the maximisation of victories increasingly trumps any desire to manage the team as a viable business. (Wilson, Plumley and Ramchandani, 2013.)

### 3.10 Finances and competitiveness

Larger clubs, such as Manchester United, Liverpool, and Manchester City, generate substantially more revenue than smaller clubs, such as Burnley and Crystal Palace. As a consequence, there is a substantial disparity in financial resources between these clubs, resulting in a lack of competition within the league. The larger clubs with more financial resources have been able to attract and retain elite players, while smaller clubs have struggled to do so. This has resulted in the larger clubs dominating and winning the majority of titles. (Wilson, 2017.)

Football has evolved into a highly profitable industry in which financial performance is an additional metric for evaluating a team's success in addition to sporting achievements. One study explored the correlation between athletic performance and success in sports, while the other examined the relationship between wage/salary expenditure and sporting success. (Carmichael, 2010.) Nonetheless, it is difficult to adequately evaluate the relationship between money and athletic performance because of a number of factors, including regulations set by UEFA and domestic leagues, investments, and different club objectives (Plumley, 2014).

Barros and Leach (2007) propose two methods for quantifying football efficiency: the parametric approach and the non-parametric approach, both of which take

into consideration a variety of financial and sporting variables. UEFA's financial fair play regulation has also had an effect on football club business models by limiting unsustainable club expenditures, indicating that the objectives pursued by teams are constantly evolving (Dimitropoulus and Scafarto, 2019).

### 3.10.1 Financial challenges faced by English Premier League Football clubs

With exponential income growth and the English Premier League's increasing commercial allure in recent years, it is easy to see why so many people now consider football to be a business. One would presume that profit is the sole motivation for running a typical business. This is, however, an exceedingly rare occurrence in English football, particularly in the English Premier League, where only four teams posted a gross profit in 2009/2010 and losses totalled £484 million. Even though the aggregate debt of English Premier League clubs fell for the first time since 2002/2003, net debt rose for roughly half of the clubs in 2009/2010. Given that the English Premier competition is currently the most profitable football competition in the world, it is evident that income and expenses are in conflict. For football teams, the primary sources of income are matchday receipts, broadcasting rights, and commercial revenues, whereas a club's greatest expenses are its players, and the typical trend is a rise in expenses due to the incentive to spend more to acquire better players and facilities. (Wilson, Plumley and Ramchandani, 2013.)

### 3.11 Players: assets or employees?

In the majority of industries, employees are viewed solely as an accounting expense, with compensation recorded in the profit-and-loss statement. However, Lombardi (n.d.) argues that the football industry operates differently as players are not only considered employees but also club assets. Their contractual agreements with the club guarantee a certain value for a specific period of time, allowing the club to generate revenue on and off the field by utilising the players.

Generally, accounting principles recognise this practise and recommend treating players as assets.

The question of whether or not it is ethical to view footballers as assets is complex and can be viewed from a variety of angles. On the one hand, football clubs are commercial enterprises with a legitimate interest in maximising financial returns from the management of their assets, including their players. In this sense, it can be argued that treating footballers as assets is a necessary and acceptable aspect of the football business. Alternatively, some may argue that treating humans as assets is dehumanising and reduces them to mere commodities. This perspective emphasises the importance of an individual's dignity and worth, recognising them as humans that should not be treated solely as a means to achieve a goal. (Lombardi, n.d.)

### 3.12 Organisational theories in Football

Organisations are intricate systems that need structure and cooperation to operate efficiently. Several organisational theories have been developed over time to explain how organisations function and how they can be enhanced. (Starbuck, 2003). Organisational theories can be applied to football in several ways. Football clubs are organisations with specific aims and objectives, such as winning matches, generating revenue, and attracting fans. Therefore, understanding how organisations operate and how they can be effectively administered can aid football clubs in achieving their objectives. (Parent, 2006.)

#### 3.12.1 Classical theory

Classical organisational theory is grounded in scientific management principles, which emphasise the significance of efficiency and productivity in organisations. The theory proposes that organisations can be made more efficient by dividing work into smaller, more specialised duties that workers can perform more efficiently. The classical approach to organisational theory also emphasises

hierarchy and authority in organisations, with distinct lines of authority and strict procedures. (Harappa, 2021.)

### 3.12.2 Human relations theory or neoclassical theory

In contrast, human relations theory or neoclassical theory emphasises the significance of human relationships in organisations. This theory acknowledges that employees have emotions and social requirements that must be met for them to be productive. The neoclassical approach to organisational theory emphasises the significance of communication, motivation, and leadership in fostering a productive and fulfilling work environment. (Business Jargons, 2016.)

### 3.12.3 Contingency or decision theory

The contingency or decision theory suggests that there is no best method to organise a company, and that the most effective organisational structure depends on a variety of factors, such as the organisation's operating environment, size, and objectives. The contingency approach to organisational theory emphasises adaptability and suggests that organisations must be able to modify their structures and strategies in response to changing conditions. (Gordon, 2022.)

### 3.12.4 Modern systems theory

Modern systems theory views organisations as intricate systems comprised of interdependent parts that collaborate to accomplish common objectives. The theory emphasises the significance of understanding how various organisational components are interconnected and how alterations to one component can affect the entire system. In establishing more effective and efficient organisations, modern systems theory also emphasises the significance of feedback and continuous improvement. (Toppr, 2019.)

## 3.13 COVID-19 and sport

The unprecedented Covid-19 pandemic and the lockdowns associated with attempting to stop its spread have had a significant impact on both professional

and amateur sports. The absence of live spectators has had an immediate negative financial impact on elite sport teams and companies (Grix et al., 2020).

### 3.13.1 The feelgood factor

According to Grix et al. (2020), watching or participating in sports is one of society's most popular past times, second only to watching television, using social media, and participating in sports. While it is generally acknowledged that engaging in physical activity benefits one's physical and mental health, less is known about the feelings and psychological impacts of watching sports, especially live events.

The crucial part that fans play in the co-production of a match, event, race, or game has been highlighted by the COVID-19 global pandemic. As seen in elite tennis, high-profile boxing events, and regular football games, spectators have a significant impact on player performances, referee decisions, and match outcomes. Athletes enjoy the loudness and energy of the crowd's roar because they can still recall it decades after their sporting careers are done. Given that the 'feelgood' factor evoked by sports serves a significant purpose in society, it is imperative to investigate what supporters receive by participating in the staging of such events. (Horky, 2020.)

The COVID-19 pandemic has temporarily halted the factors that generate the 'feelgood' factor in sports, preventing sports supporters from experiencing collective effervescence. Numerous sports fans derive this feeling from attending live sporting events on a regular basis, notably weekly football matches, around which they build their lives. The process includes a week-long build-up to the match, pre-meetings on match day with other supporters, typically in a social setting such as a pub or bar, the collective experience during the match, and post-event analysis that may continue for several days before the cycle repeats. Typically, the 'feelgood' factor for home supporters is at its peak during such events, which are characterised by shared experiences, chanting, booing, and whistling. (Grix et al., 2020.)



The findings of Grix et al. (2020), which highlight the importance of supporters in the stadium during sporting events, are reinforced by the study conducted by Horky (2020). This study revealed that fan attendance had a significant impact on home advantage, providing additional evidence that supporters play a crucial role in creating a favourable environment for the home team in sports.

### 3.13.2 Interdependencies and resilience in the professional football industry

Drewes et al. argue (2020) that professional football clubs have come to recognise their interdependence not only with one another but also with their spectators. Fans generate revenue for the football industry, and their contributions to the stadium environment can be regarded as part of the production process, as opposed to merely being demand factors. The current crisis affords professional football organisations the opportunity to examine the interdependencies within the industry. In addition, companies in the team sports industry must improve their equity basis to increase their resilience. UEFA or national league organisations can promote these enhancements to future licencing procedures. In times of crisis, professional football clubs cannot shirk their corporate responsibility despite the incentives that may contribute to insufficient equity capitalisation and overinvestment. Even if crises are unexpected, these organisations must demonstrate sufficient professionalism to prepare for them out of entrepreneurial self-interest. State aid with taxpayer funds cannot be economically justified for this industry, which has sufficient financial resources and is dubious from a legal standpoint regarding state aid. (Drewes et al., 2020.)

### 3.13.3 Maintaining cash flow

According to Bond et al. (2020), the COVID-19 pandemic initially resulted in wage reductions and postponements for football players, as well as a reliance on government job retention and furlough programmes. As the longer-term effects of the pandemic have become clearer, football clubs that rely on matchday

revenue must take proactive steps to maintain a certain level of cash flow. (Bond et al., 2020.) For the survival of football, it is argued that spectators must be allowed back into games. However, clubs can also adopt other measures. Initially, organisations must engage in more creative thought. Due to social distancing measures, non-football income sources, such as wedding venues, conferences, and concerts, are currently unavailable. Therefore, clubs must be strategic regarding the assets they can leverage and monetise, such as by utilising technology and the digital world to extend their product beyond the game. Second, organisations must make more difficult financial decisions. Thirdly, the pandemic has brought to light the adage "Football without fans is nothing," which provides additional evidence of the networked Football World. (Grix et al., 2020.) If a co-created product cannot be separated from a collaborator (the spectator), the product will be inferior. Therefore, it is necessary to transition from discussing fans to conversing with them. In addition, the significance of spectators in the football ecosystem is highlighted, prompting clubs to consider how to manage and involve them. The "winner takes all" narrative and promotion aspirations should be abandoned in the short term. It is difficult to quantify football's position in our communities and society, as it is more than a business. The sustainability of the complete football infrastructure depended on the policies of governments to allow spectators to return to stadiums. (Bond et al., 2020.)

#### 3.13.4 Decision making and leadership

Parnell et al. argue (2020) that complex relationships influence leadership and decision-making in the football industry. In football club decision-making, the board's leadership function is essential. Despite the significance of external influences on relationships, the dynamics within the board are also significant. The lack of distinct and consistent leadership in football clubs is evident, as evidenced by Liverpool FC's initial decision to lay off non-playing staff, which was later reversed due to public scrutiny and fan opposition. When making a decision, a leader must evaluate the circumstance and determine the appropriate level of involvement. Different decision-making philosophies have repercussions for the

future of the manager and team that have consistently delivered messages and actions towards social and philanthropic objectives. This may result in a disconnect between corporate and football decision-making and cause concern among supporters. It emphasises the necessity of examining the role and decision-making process of football leaders in order to comprehend the strategic administration of the club and its effect on commercial and football performance. (Parnell et al., 2020.)

Depending on the strength of their relationship with the club, athletes have been expected to accept temporary wage reductions and deferrals in recent years. While wage cut negotiations have been swiftly resolved in some leagues and clubs, high-profile cases have demonstrated players who have refused to accept a wage deferral or cut. Despite the affluence of English Premier League club owners, players who do not align with the club's decision-making and expectations can strain relationships between players, a player and the Sporting Director or Manager, and between a player and another player (Parnell et al. 2020). The COVID-19 pandemic has added to the financial burden of football organisations, resulting in uncertainty and a re-evaluation of players' futures within the club (Bond et al., 2020.).

### 3.14 Case study teams and player

This thesis aims to investigate the effect of COVID-19 on Finnish football organisations. Three clubs were chosen as case studies to attain this objective: IF Gnistan, FC Honka, and HJK. These clubs were chosen for the study for a number of factors.

Firstly, IF Gnistan was selected because it is a modest club with a limited budget that competes at the second-highest level in Finland. This renders it especially susceptible to the financial difficulties posed by the pandemic. By analysing how IF Gnistan overcame these obstacles, it is possible to obtain insight into how other smaller clubs might fare under comparable conditions. Second, FC Honka

was selected because it is a significant club from a major city that competes in Finland's highest league. This makes it a compelling case study because it is likely to have a substantial social impact on its community. By analysing how FC Honka maintained its relationship with its followers during the pandemic, it is possible to gain insight into how clubs can cultivate strong relationships with their supporters even during difficult times. Finally, HJK was selected because it is the most successful and largest organisation in Finland. This makes it an essential case study because it is likely to have a substantial effect on the state of Finnish football as a whole. By examining how HJK dealt with the pandemic, it is possible to obtain insight into how other large clubs might fare in comparable situations.

As a whole, the selection of IF Gnistan, FC Honka, and HJK as case studies was motivated by a desire to acquire a broad understanding of how various types of clubs are responding to the challenges posed by COVID-19. Through a comprehensive examination of these clubs, it is anticipated that this thesis will shed light on how Finnish football can survive and prosper in the face of this unprecedented crisis.

In addition to club case studies, Henri Aalto, a player for FC Honka, provides a player's perspective in this thesis. Aalto was selected for this position due to his experience as a professional football player and his understanding of the difficulties players confronted during the pandemic. He has first-hand knowledge of the effects of COVID-19 on football players, including the uncertainty surrounding the sport's future and the financial difficulties clubs and players face. By incorporating Aalto's player perspective into this dissertation, it is possible to obtain insight into how the pandemic has affected the lives and careers of Finnish professional footballers. This perspective will contribute significantly to the comprehensive analysis of COVID-19's impact on Finnish football.

#### 3.14.1 IF Gnistan

IF Gnistan is a football club from Helsinki, which was established in 1907. In the beginning, Gnistan was a multi-sports sports club with cross-country skiing,

athletics, swimming and Finnish baseball being the main sports. Football came along in the 1930's when the football department was formed and IF Gnistan joined the Finnish Football Associations Helsinki district. In the late 1950s, IF Gnistan decided to solely focus on football. Since then, IF Gnistan has been a significant team in the lower leagues of the Helsinki area but has never been promoted to the highest level. After the 1994 season, they were promoted to Ykkönen, the second highest Finnish league, for the first time. Since then, they have been relegated and promoted back to Ykkönen three times, with their latest promotion in 2019. (IF Gnistan, n.d.)

#### 3.14.2 FC Honka

FC Honka is a Finnish professional football club located in Espoo. The club was established in 1957 and currently plays in the Veikkausliiga, the highest level of Finnish football. FC Honka has won multiple national championships, including the Finnish Cup and the Finnish League Cup. The club has also enjoyed success in international competitions, reaching the UEFA Europa League qualifying rounds on multiple occasions. (FC Honka ry, n.d.)

#### 3.14.3 HJK

Helsingin Jalkapalloklubi, also known as HJK, is a prominent Finnish professional football club that competes in the Veikkausliiga, the highest division of Finnish football. HJK was founded on March 19, 1907, by a group of young men who desired to establish a football club in the Finnish capital. During its early years, HJK Helsinki primarily competed against other Finnish teams, occasionally taking on international opponents such as clubs from Sweden and Estonia. The club won its first Finnish championship in 1911 and a total of six championships during its first decade of existence. HJK Helsinki has made significant progress in European football competitions. In 1998, the club reached the quarterfinals of the European Cup, which is now known as the Champions League. In addition, HJK Helsinki has achieved consistently impressive results in recent years, with multiple championship victories and regular participation in European

competitions. As a result, HJK Helsinki is regarded as one of Finland's most prestigious and successful football clubs, with a century-long history. (HJK Helsinki, n.d.)

#### 3.14.4 Henri Aalto

Henri Aalto is a professional football player from Finland who currently plays for FC Honka in the Finnish top-tier league, Veikkausliiga. Aalto has been playing for FC Honka since 2018, where he has been one of the club captains. (Transfermarkt, n.d.)

## 4 Case study IF Gnistan

The pandemic of COVID-19 has had a significant effect on the world of sports, affecting both the operations and finances of organisations worldwide. The Finnish football club IF Gnistan was not an exception; consequently, the purpose of this thesis was to obtain a deeper understanding of how the pandemic affected the club. To attain this objective, an interview with Marko Kolsi (2022), CEO of IF Gnistan, was conducted. The purpose of this interview was to investigate the specific ways in which COVID-19 affected the club's operations and finances, as well as to obtain insight into the strategies implemented to mitigate these effects. This section of the thesis will present the findings of this interview, shedding light on the difficulties encountered by IF Gnistan during the pandemic and the measures taken to address them.

### 4.1 Revenue streams

Match events contribute one-fourth of IF Gnistan's revenue, which includes match tickets, beverages, food, and fan merchandise. Despite the proprietors' investments, losses of 180,000 euros were mitigated, and television revenue remained relatively low. IF Gnistan has not been required to refund TV fees, as the TV contract in Ykkönen is not as strict as is the case in higher leagues, where

teams have had to refund income from TV agreements when matches have not been played and contractual agreements have not been met. Despite this, the organisation's TV revenue decreased because of the decline in the number of matches.

## 4.2 Sponsorships

The abrupt withdrawal of one of IF Gnistan's sponsors from their sponsorship agreement prior to the start of the 2020 season has further complicated the club's financial situation. This collaborator had already executed the contract, creating a challenging situation for the organisation. In addition, a second significant associate wished to reduce the sponsorship amount by fifty percent. These two actions alone accounted for approximately one-third of IF Gnistan's total economic impact during the 2020 season.

In addition, the remaining sponsors planned to reduce their sponsorship contributions, leaving IF Gnistan with a significant deficit in sponsorship revenue. The organisation was able to persevere despite these obstacles by implementing cost-cutting measures and pursuing additional revenue sources. Thankfully, the reduction in sponsorships had less of an impact on the 2021 season, as corporate partnerships increased from the previous year. However, due to the ongoing COVID-19 pandemic and its impact on the global economy, many businesses remained cautious. Despite this, IF Gnistan remained resilient, pursuing new avenues for revenue generation and making prudent financial decisions to ensure the organisation's long-term viability.

## 4.3 Business opportunities

When the COVID-19 pandemic began, the club had a few minor ideas, such as assistance with everyday errands like going to the supermarket, but no significant business opportunities presented themselves. During this difficult time, private individuals and businesses contributed funds to maintain the club operational. A webinar series that included training sessions and seminars also generated a few

thousand euros for the organisation. There are currently no plans to continue this webinar series.

IF Gnistan endeavours to optimise the entire club, including partnerships and sponsorships with the youth and first teams, as well as the home field environment. However, the organisation is unable to host "team days" for companies as it did prior to the COVID-19 pandemic. Primarily through social media platforms, the club promotes its partners' services directly to the club's community and members.

## **5 Case study Honka**

As well as IF Gnistan, FC Honka was one of the organisations facing difficulties at this time. In order to obtain insight into the impact of the pandemic on FC Honka's operations and finances, Hexi Arteva (2022), the club's general manager, was interviewed for this thesis. The purpose of this interview was to investigate the specific ways in which COVID-19 affected the club, including the difficulties that arose and the strategies that were implemented to overcome them. The findings of the interview will be presented in this section of the thesis, shedding light on the influence of the pandemic on FC Honka and the measures taken to mitigate its effects.

### **5.1 Financial performance and revenue streams**

The pandemic of COVID-19 has resulted in significant financial losses for football organisations worldwide and FC Honka was not an exception, as its revenue decreased significantly in 2020. However, the club's owner assistance enabled FC Honka to mitigate losses.

Partnerships, match events, league partnerships, media revenue, and player sales are among FC Honka's revenue sources. The club's financial success is not solely dependent on match events, despite the importance of these revenue



sources. This finding contradicts the widespread notion that match events are the primary source of revenue for football clubs. As a result of the COVID-19 pandemic, stadiums were closed, and matches were either cancelled or played without spectators.

Overall, Honka's experience teaches football organisations around the globe the significance of diversifying their revenue streams and establishing a solid financial base that can withstand unforeseen obstacles such as the COVID-19 pandemic.

## 5.2 Cost saving measures

As a result of deliberate cost-cutting measures, FC Honka has reduced its expenses. In particular, the budget for 2021 was reduced by 100,000 euros relative to the previous year, and the budget for 2022 was reduced by the same amount. In addition, due to their failure to qualify for the 2022 European Cup, Honka must now operate with a reduced budget, as they will not receive the prize money awarded by UEFA to participating teams. Due to these financial adjustments, the team has witnessed a significant transformation over the past two years, shifting from the oldest to one of the youngest in Veikkausliiga. This change has contributed to a decrease in player salaries and overall expenditures. FC Honka plans to give its in-house players more playing time.

### 5.2.1 Player salaries

In an effort to save money at the onset of the pandemic, FC Honka decided to reduce player salaries. This decision was taken in response to the financial uncertainty caused by the pandemic, and it was deemed essential to the club's survival. The club changed its opinion after a few weeks and decided to pay players 50 percent of their salaries. FC Honka's decision to reduce player salaries was not a simple one, and it was met with resistance from players and fans. Despite this, it was deemed necessary to guarantee the club's survival in the face of the financial uncertainty caused by the pandemic. In the end, the decision to

pay players 50 percent of their salaries was viewed as a compromise that allowed the club to continue operations while also addressing the players' financial requirements.

### 5.3 Partnerships

During the COVID-19 period, FC Honka sold approximately one-third less partnership agreements compared to the number of partnerships sold in previous seasons. The pandemic had a significant impact on the club's ability to attract partners and generate revenue. Despite this, positive discussions were held regarding partnership opportunities for the 2022 season. However, there are concerns that the ongoing conflict in Ukraine may impact the outcome of these discussions. The political instability in the region has created an uncertain business environment, making it difficult for potential partners to commit to long-term agreements (UK Parliament, n.d.).

Despite the challenges posed by the pandemic and the conflict in Ukraine, FC Honka remains committed to diversifying its revenue streams and establishing a solid financial foundation. The club is actively exploring new partnership opportunities and is optimistic about its ability to attract new partners in the future. By focusing on innovation and collaboration, FC Honka is well-positioned to navigate the challenges of the COVID-19 pandemic and other unexpected events that may arise.

### 5.4 New stadium

As its flagship initiative, the city of Espoo will finance the construction of a new football stadium. However, the implementation of the project has been hampered by a pending building plan complaint. It appears that neither the construction nor the planning of the stadium have been affected by the current circumstance, despite the ongoing COVID-19 pandemic.

## 5.5 Spectator attendance

During the 2021 season, FC Honka's home games attracted crowds of less than 1,000 spectators on numerous occasions. While the COVID-19 pandemic may have played a secondary role, the absence of adequate spectator amenities at the current stadium was the primary cause of this problem. The existing stadium has been in use for many years, and its lack of amenities has always been an issue. Fans have expressed concerns regarding the dearth of comfortable seating, insufficient food and beverage options, and lack of proper restrooms. Clearly, FC Honka must construct a new stadium to resolve these issues and attract more fans to its home games. A new stadium would provide supporters with contemporary amenities, comfortable seating, and enhanced food and beverage options, thereby enhancing the fan experience.

The club recognises the significance of a new stadium and is actively investigating construction options. Nevertheless, constructing a new stadium is an expensive endeavour, and the club is striving to secure the necessary funding to make this a reality. Ultimately, a new stadium will not only enhance the fan experience, but it will also help the club generate additional revenue through increased attendance and sponsorship opportunities. FC Honka is positioning itself for long-term success on and off the field by addressing this issue.

### 5.5.1 Increasing spectator attendance

In addition to constructing a new stadium, FC Honka can take other measures to increase home-game attendance. Activating partnerships with other local clubs and utilising its own youth teams to fill the stands is one such measure. By collaborating with other local clubs, FC Honka can attract more spectators to its home games by tapping into their fan base. Families can be attracted to the stadium by the club organising theme matches featuring players from participating clubs and their parents.

Junior players and their accompanying parents can generate revenue through their expenditures of merchandise, beverages, and food. This strategy not only increases the number of spectators at games, but also fosters a family-friendly environment that can make game attendance more pleasant for fans of all ages.

Another crucial measure FC Honka can take is to schedule the HJK match at the optimal time of the season. The HJK game is a derby (competition against a local team) that attracts typically large crowds. FC Honka can maximise its revenue potential for this crucial match by scheduling it at a time when it is most likely to attract the largest audience.

## 5.6 Financial support

FC Honka has received assistance from the Veikkausliiga and the Finnish Football Association, with UEFA providing assistance to the Finnish Football Association, which was then distributed to individual clubs. FC Honka Football Club is well-positioned because of its location in Espoo and its status as a football club, even though summer sports have been affected less than winter sports. In addition to receiving support from UEFA for the 2020 season, the club received three phases of assistance from the city of Espoo designated for top-tier clubs. These initiatives reflect the mutually beneficial relationship between football and the city of Espoo, which has provided assistance and compensation.

## 5.7 New business opportunities

With the assistance of Business Finland, FC Honka spearheaded the creation of a football player development monitoring program, known as the Performance Hub. This innovative program is designed to evaluate the physical, technical, and mental abilities of Espoo's youth football players. Additionally, the Finnish Football Association has supported its implementation. Notably, FC Honka is the only club in the region to have implemented this initiative, which encompasses one hundred teams from the Espoo club community. Despite the difficulties

presented by COVID-19, FC Honka has succeeded in establishing a unique partnership with its collaborators, though there is still room for growth.

## **6 Case study HJK**

HJK Helsinki is the most popular football club in Finland, with a lengthy history and a significant number of devoted supporters. Consequently, the COVID-19 pandemic posed significant operational and financial challenges for the institution. This thesis interviewed HJK's CEO, Aki Riihilahti (2022), to obtain insight into the impact of the pandemic on the club. This interview was conducted to investigate the specific ways in which the pandemic affected HJK and to obtain insight into the measures taken to mitigate these effects. This section of the thesis will present the findings of this interview, shedding light on the difficulties HJK confronted during the pandemic and the strategies used to overcome them. Through this analysis, one can obtain a better understanding of how the pandemic affected even the most prominent and successful football clubs in Finland.

### **6.1 Impact on operations**

HJK implemented a number of measures to prevent the COVID-19 virus from spreading. The club segregated its office, teams, and facilities at the stadium and established specific regulations regarding the utmost number of people permitted in a given space at any given time. Office employees were required to work from home, and teams had devised their own protocols to prevent the spread of infection. Regular online meetings have been held, and matches have been arranged to assure the implementation of adequate security measures to prevent COVID-19 infections. The club has adhered to Alue Hallinto Virasto (AVI) guidelines for the majority of tasks; however, operational challenges have been encountered, especially with the restricted use of facilities for sports activities, which has made it difficult to provide similar meals as before. In response, the club has arranged charter flights for Euro events, resulting in a cost increase.

Digital training has been implemented by HJK to facilitate training sessions for its 3500 subordinate members. This has necessitated a variety of modifications to ensure the seamless operation of day-to-day operations. In addition, as a consequence of COVID-19-related restrictions on stadium capacity, the stadium's events were relocated to make room for HJK, resulting in a 70% decline in public revenue. This has had a substantial impact on the revenue of the stadium.

HJK has increased its efforts to comprehend its partners' requirements and provide them with added value. This has necessitated a more targeted approach to external communication, with marketing activities scaled back and expenditures redirected to core operations. During the pandemic, the club's strategic pivot towards prioritising core operations was intended to ensure financial sustainability. This approach reflects the club's commitment to responsible financial management and its efforts to mitigate losses and effectively manage its finances.

## 6.2 New business opportunities

The pandemic of COVID-19 has presented HJK with significant challenges, necessitating a change in business practices. It has not, however, resulted in new commercial opportunities for the club. The transition to digital operations has met with limited success, as data-related issues have arisen, compelling the organisation to refocus on its core functions.

HJK has adapted a new approach to content creation through narrative video productions in order to engage partners. This initiative has been well received by fans and stakeholders, allowing the club to advocate for socially responsible issues. Reflecting its commitment to responsible business practices, the club has placed a substantial emphasis on using these videos to enhance its engagement with partners.

Despite the challenges posed by the pandemic, HJK's commitment to essential functions and responsible business practices has enabled it to navigate these

difficult times. The club's efforts to provide partners with added value through narrative video productions demonstrate its adaptability and innovative nature, which will serve it well in the long run.

### 6.3 Business model

The long-term strategy of HJK is centred on attaining sustained success in European competition, with the goal of reaching the UEFA Conference League group stage every three to four years. The club has adopted a prudent investment strategy, putting long-term objectives ahead of short-term gains. This strategy involves substantial investments in stadium conditions, marketing, and player budgets to enhance the team's performance and fan experience. To accomplish these objectives, HJK has set a positive business objective for 2022. The club's diversified business portfolio is anticipated to yield positive results. The club intends to increase its revenue streams by investing in both the stadium and the team.

Success in European competitions and player transactions are anticipated to account for 30 to 50 percent of the club's income, highlighting the significance of sustained European competition success for the club's financial performance. In addition, the primary business is anticipated to generate a profit in 2022, demonstrating the club's commitment to prudent financial management.

HJK seeks to establish a solid foundation for future success in European competition by concentrating on team development and improving conditions for both players and fans. The club's investment strategy and long-term plan reflect its strategic vision, which prioritises long-term objectives over short-term gains.

### 6.4 Revenue streams

Other business activities account for the remainder of HJK's revenue, which is comprised of player sales (10%), European games (20%), partners (25%), stadium events and conditions (15%), and audience and TV revenue (5%).

Despite the fact that revenue from the general public is not a significant contributor to the club's income, home events remain essential to the club's brand and atmosphere, which can strengthen the loyalty and support of fans and partners. Additionally, a robust home game presence can enhance the club's reputation in the larger community and among rivals. Regardless of the COVID-19 pandemic, partnership bundle sales have been stable. HJK is able to provide partners clear data of how partners will benefit from partnering with them instead of partnering with other clubs. Being able to show this data, HJK has a clear competitive advantage over competitors in attracting new partners and sponsors.

## 6.5 Financial impacts

In contrast to other Veikkausliiga organisations that rely on external financing, HJK's financial strategy is self-sufficiency. The COVID-19 pandemic has impacted the club's revenue streams, culminating in a €500,000 annual decline in core business income in 2020-2021. However, HJK was able to mitigate the negative effects of the pandemic by devising a business model that does not rely solely on football-related activities. Therefore, the club consistently achieved operating profits each year, despite the challenges posed by the pandemic.

The player budget for 2022 is projected to increase to €2 million, a significant increase from 2021's budget of €1.7 million. Compared to previous years, the club has also extended the duration of players' contracts. The COVID-19 pandemic has impacted the player market, causing many players to become free agents and accept reduced salaries in order to secure a club.

HJK has not been required to reimburse TV contracts for cancelled or postponed events, despite the decline in revenue caused by the pandemic. This arrangement has been perceived as positive and fair. The club's television revenue is negligible, constituting less than 1% of its total revenue.



## **7 Effects on players**

While football clubs faced numerous challenges during the COVID-19 pandemic, it is important to remember that players themselves also faced significant obstacles. To gain a player's perspective on the impact of the pandemic, this thesis interviewed Henri Aalto (2022), a player for the Finnish football club FC Honka. The purpose of this interview was to explore the specific ways in which the pandemic affected Aalto's experience as a player, as well as to gain insight into the measures that were implemented to mitigate these effects. This section of the thesis will present the findings of this interview, highlighting the challenges faced by players during the pandemic and the strategies employed to overcome them. Through this analysis, a better understanding can be gained of how the pandemic impacted individual players and their experiences on and off the pitch.

### **7.1 Impact on training**

From a functional standpoint, the impact of COVID-19 was that training sessions were conducted in an organised manner while adhering to the restrictions set by the government of Finland. A well-crafted weekly program was devised, encompassing game-specific and physical training for groups of 1 to 4 players, which was meticulously implemented. Despite the challenges posed by the acute phase of the COVID-19 outbreak, the players adapted well to the new norm of training as a professional football player.

### **7.2 Salary cut**

Due to financial uncertainty caused by the COVID-19 pandemic, the football club decided to reduce player remuneration. The club initially consented to a 50 percent salary reduction proposed by the players. Subsequently, the club proposed a partial vacation, but just prior to the meeting, the players were informed that they would no longer be paid. The lack of transparency and communication rendered the players despondent, and they began to query the

club's decision-making procedures. Notably, the two individuals responsible for this circumstance were not club employees, and the club's representatives provided inadequate responses to the players' inquiries. The players' confusion and frustration were the consequence of a lack of clear communication.

The club did provide assistance to the affected players as a result of this decision, but it was insufficient to allay their concerns. Furthermore, it is essential to acknowledge that the owner's decision not to pay the salaries was reasonable, given that the company's operations were not in jeopardy, and that the owner should not be expected to pay the salaries out of their own purse. However, the club's message was not adequately clear, and the players were not given sufficient context to comprehend the club's decision-making processes. A more transparent and communicative approach would have been advantageous for all parties involved in retrospect.

### 7.3 Player contracts in Veikkausliiga

In the Veikkausliiga, players typically receive money through their contracts with the club they are affiliated with. These contracts outline the player's salary and any additional compensation they may receive, such as bonuses for good performance or advancement in tournaments. Additionally, players may receive appearance fees, which are payments for participating in matches or other club events.

### 7.4 Role of supporters

Supporters in the stands play a crucial role in the experience of football players, as the absence of spectators would render it impossible for footballers to perform. Football can be likened to a form of live, performing art akin to theatre, where the presence of the audience is an essential aspect of the community event. Therefore, clubs and football are inherently reliant on the existence of supporters.

## 7.5 Strategies to attract supporters into the stadium

The return of spectators to football stadiums following the COVID-19 pandemic can be facilitated through increased marketing and visibility. Effective strategies for achieving this objective include engaging with people, promoting the series through the club's social media channels and partners, and broadcasting more games on free-to-air television channels. Additionally, enhanced professionalism in marketing and reporting on games can generate greater interest among potential spectators.

## 7.6 Insights and optimism for the future

The COVID-19 pandemic has provided players with valuable insights into the contents of their contracts and their associated rights. It has also compelled them to adopt healthier lifestyles, to be mindful of their physical limitations, and to explore novel means of exercising. Moreover, the pandemic has engendered a greater appreciation among players for the role of the audience and the spectators in the stands.

Looking towards the future, the interviewee expresses optimism that the long-anticipated construction of a new stadium will meet the expectations and hopes of the community. Aalto envisions the new stadium as a transformative force that will bring about significant positive changes in the area, facilitate new opportunities, and hopefully serve as a sustainable business model for the club. He highlights the potential of the new stadium to foster the growth of the club and attract a larger fan base to the stands.

## **8 Analysis and discussion**

### **8.1 Changes in operations**

The COVID-19 pandemic has had a significant impact on the global football industry, including Finland. As a result, Finnish football teams have implemented a number of operational changes that prioritise the health and safety of their players, staff, and fans. Notably, the Finnish Football Association suspended or postponed matches on March 16, 2020, per the advice of the Finnish government and health authorities. The ban was lifted in June of 2020, and the Veikkausliiga resumed play on July 1, 2020.

Teams have instituted travel restrictions to limit the virus's exposure. For example, HJK had to incur additional expenses when travelling to European competition games by chartering aeroplanes. As a result of the pandemic, Finnish football matches have been played without spectators or with limited capacity to reduce the risk of transmission. The Finnish Football Association permitted no more than 500 spectators per game, with strict protocols in place to ensure social distance and hygiene standards are observed.

The decline in fan attendance has had a significant financial impact on football clubs in Finland, as ticket sales and other matchday-related activities have generated less revenue. For example, match events contribute one-fourth of IF Gnistan's revenue. Therefore, the pandemic has compelled Finnish football teams to adapt to these new operational changes in order to ensure the safety of all stakeholders and maintain their financial viability.

#### **8.1.1 Training**

As Aalto (2022) emphasised, the Finnish government-imposed restrictions on training sessions that had to be followed. These restrictions presented a challenge for football clubs, as they needed to find ways to ensure the health and

safety of their players while maintaining the rigorous training levels required to compete at the professional level.

Despite these obstacles, Finnish football teams were able to adapt and implement a well-designed weekly training programme that catered to the players' needs. This programme meticulously implemented game-specific and physical training for small groups of 1 to 4 players. By adhering to this program, the players were able to maintain their fitness and skills, ensuring that they would be prepared to compete once football activities resumed.

During the acute phase of the COVID-19 outbreak, the players' ability to adapt to the new standard of training demonstrates their professionalism and dedication to the sport. It also emphasises the significance of having a structured and well-organised training programme that can be adapted to the changing needs of the players.

## 8.2 Finances

### 8.2.1 Impact of COVID-19

Numerous industries have suffered significant financial losses as a result of the COVID-19 pandemic, which has had a profound effect on the global economy (Dey-Chowdhury et al., 2022). The pandemic has had a significant impact on many industries, including the professional sports business (Krnjaic, 2020).

The COVID-19 pandemic wreaked havoc on Finnish football clubs, with many incurring significant financial losses. One of the greatest obstacles facing these teams was the decline in ticket sales. As a consequence of matches being postponed or played behind closed doors, teams were unable to generate revenue from ticket sales, resulting in substantial financial losses. During the pandemic, companies experienced their own financial difficulties, which led to a decline in sponsorship revenue for many teams. In response to these obstacles, Finnish football clubs took a variety of steps to mitigate the financial impact of

COVID-19. Among the most significant measures was the implementation of cost-cutting measures, such as salary reductions and staff reductions.

Successful clubs have relied on their ability to draw large audiences to their stadiums in order to generate revenue from ticket sales, food and beverage sales, and merchandise sales. This is particularly essential now, as clubs that can attract the most fans back into the stadium will recover from the financial impact of the pandemic more quickly. Moreover, organisations that compete in European competitions such as the UEFA Champions League and Europa League earn substantial sums of money from broadcast rights, prize money, and other sources. Due to decreased financial resources in football, clubs may struggle to maintain financial stability, and player sale prices are anticipated to decline. This could result in a significant shift in how clubs approach player recruitment and development, as they may need to rely on their own junior academies instead of investing in costly transfers.

It is uncertain how long the financial impact of COVID-19 will continue to be felt by Finnish football clubs in the future. While some teams, such as HJK, have been able to adapt to the pandemic's challenges and withstand the storm, others may continue to struggle in the coming years. Nonetheless, the resiliency and adaptability displayed by Finnish football teams during this difficult period is evidence of the tenacity and resolve of the Finnish football community.

### 8.2.2 Diversifying income streams

For clubs that rely primarily on ticket sales, the loss of matchday income revenue has been particularly devastating during the pandemic. Due to the implementation of social distancing measures, many clubs have been forced to perform games behind closed doors, resulting in a substantial loss of revenue. In order to ensure their long-term financial viability, football teams must pursue alternative revenue streams.

Diversification of revenue streams is one method by which football clubs can attain financial stability and sustainability. By diversifying their revenue streams, clubs can lessen their reliance on a single revenue source and safeguard themselves from potential shocks, such as a new pandemic. For example, clubs can generate additional revenue by investing in new business ventures, such as merchandising or licencing agreements, as FC Honka has done with their player development monitoring program, known as the Performance Hub. By forming strategic alliances with other companies or organisations, clubs can gain access to new consumer segments and markets, thereby expanding their reach and visibility.

Moreover, diversification of revenue sources can assist football organisations in attracting and retaining elite talent. The financial strength of HJK has enabled them to secure the services of some of Veikkausliiga's finest players, resulting in a significant talent and performance disparity between top-tier and lower-tier clubs. However, diversification of revenue streams can assist clubs in bridging this disparity by providing competitive salaries and benefits. Diversified revenue streams enable clubs to offer athletes more lucrative contracts, which can aid in attracting and retaining top talent.

The diversification of revenue streams can assist football organisations in positively impacting their local communities. Clubs can combat social issues like poverty, unemployment, and inequality by investing in community initiatives. In addition to working with local schools and community organisations to provide sports programmes and facilities, clubs can also promote healthy lifestyles and physical activity by collaborating with them. By generating a positive impact in their communities, clubs can strengthen their relationships with fans and stakeholders, thereby enhancing their brand and reputation. As the biggest club in Espoo, FC Honka has been doing an exceptional job of helping and partnering with smaller clubs, in helping them train young aspiring football players to reach their maximum potential.

### 8.2.3 Updating prize money system

The distribution of prize money in football is a contentious issue, as the current system is unjust and favours teams with higher financial resources. These teams already have the largest budgets, giving them a competitive advantage in the player transfer market and ultimately providing them with the necessary quality to compete for league championships.

Instead of awarding the lion's share of prize money to the top clubs, it may be possible to resolve this issue by distributing prize money more evenly among all participating clubs. This strategy could help ensure that smaller clubs have access to a larger proportion of resources, thereby enhancing their ability to compete with larger clubs. By distributing prize money more equitably, lesser clubs could increase their revenue and invest more in player recruitment, facilities, and other success-related resources. This would level the playing field and increase the degree of competition in the sport. In addition, it would assist in reducing the growing financial disparity between larger and smaller organisations in recent years.

It is essential to observe, however, that this approach is not without obstacles. Larger clubs may be resistant to efforts to redistribute prize money more equitably because they stand to lose significant quantities of funding. In addition, there is a possibility that a more equitable distribution of funds could reduce the quality of play, as smaller clubs may not be able to attract the finest players without the same financial resources as larger clubs.

### 8.2.4 Player transfer fees

The COVID-19 pandemic has had a significant impact on the football transfer market, with a shortage of transfer funds being a prominent issue. The financial crisis caused by the pandemic has compelled many clubs to reduce their transfer budgets, resulting in a decline in transfer activity and a shift towards loan agreements and free transfers.



The decreased transfer budgets have also had an effect on player salaries and contract negotiations, with a number of players accepting lower wages or accepting pay cutbacks due to the financial strain on their clubs. This has led to a transition towards shorter-term contracts and a more cautious approach to contract negotiations. Smaller clubs are now able to contend for players and demand higher transfer fees from larger clubs as a result of the lack of transfer funds. Prior to the financial impact of the pandemic, the largest clubs with the largest budgets were able to dominate the transfer market and sign the finest players. However, the pandemic has levelled the playing field.

The COVID-19 pandemic has illuminated the sensitivity of the football industry and the influence of external factors on its financial stability. It is unknown how long it will take for the football industry to recover from the financial impact of the pandemic and how this will affect long-term transfer activity.

### 8.3 Importance of good decision making and leadership

The findings of Parnell et al. (2020) on the impact of complex relationships on leadership and decision-making in the football industry are pertinent to the choice made by FC Honka to reduce player compensation during the COVID-19 pandemic. Specifically, the leadership function of the board is essential when making such decisions. External factors are substantial, but internal dynamics within the board are also crucial.

Many football clubs lack clear and consistent leadership, as evidenced by Liverpool FC's initial decision to lay off non-playing staff during the pandemic, which was later reversed in response to public scrutiny and fan opposition. In contrast, FC Honka initially agreed to a 50 percent salary cut before deciding to cease paying player salaries altogether, leaving the players despondent. The absence of straightforward communication and transparency in FC Honka's decision-making process demonstrates the need for improved leadership in football clubs.

Different decision-making philosophies can have long-term effects on a club's performance and its relationship with its supporters, according to Parnell et al. In the case of FC Honka, the decision to not pay player salaries could have negatively impacted the club's relationship with its players and supporters. Moreover, the disparity between corporate and football decision-making may have prompted supporters' concerns.

Examining the role and decision-making process of football executives is therefore essential for comprehending the strategic administration of the club and its effect on commercial and football performance. In conclusion, the findings of Parnell et al. (2020) are pertinent to comprehending the complex relationships that influence leadership and decision-making in the football industry, including the decision-making of FC Honka during the COVID-19 pandemic.

## 8.4 Human resource management

Management of human resources is crucial to the success of football organisations. Effective human resource management can aid teams in the recruitment and retention of top talent, the maintenance of positive team dynamics, and the training and support of participants. Moreover, through effective communication and planning, human resource management can aid teams in navigating crises such as COVID-19.

Recognising that football players are employees and not merely assets is one of the most crucial aspects of human resource management for football organisations. This implies that their needs and concerns should be considered seriously, and they should be treated with the same level of respect and consideration as any other employee. This includes ensuring that participants receive adequate training and support, providing opportunities for professional development, and fostering a collaborative and communicative team culture.

Throughout the COVID-19 pandemic, football teams realised the significance of crisis communication. Effective communication is essential in any crisis, but it is

especially crucial in a team environment where members may feel apprehensive or uncertain about the future. During the pandemic, teams that were able to effectively communicate with their players were better able to navigate the challenges and emerge stronger on the other side.

In addition to highlighting the importance of crisis communication, COVID-19 has emphasised the significance of planning and preparation. Teams that had developed contingency plans for a variety of scenarios were better able to respond swiftly and effectively to the pandemic. This included remote training programs, flexible schedules, and improved health and safety procedures.

## 8.5 Welfare of players

The COVID-19 pandemic has presented the football industry with numerous challenges, including player welfare and safety concerns. Concerns about player fatigue, injuries, and mental health have resulted from the crowded fixture schedule, travel restrictions, and increased risk of infection.

The players' physical and emotional well-being has been severely impacted by the hectic fixture calendar, which has become more intense as a result of the prolonged and busy season. The rise in injuries and burnout has been a significant cause for concern, as many players have reported feeling exhausted and unable to recuperate between matches.

In addition, travel restrictions and quarantine requirements have hindered the ability of players to train, travel, and play matches, resulting in increased physical and mental distress. The risk of infection has also generated anxiety and dread among players, who fear contracting the virus and transmitting it to their teammates and families.

The pandemic has illuminated the need for enhanced player welfare safeguards and more stringent safety protocols in the football industry. During and after the pandemic, it is crucial for clubs and governing bodies to prioritise player welfare

and safety. This can be achieved by adequate rest periods, reducing the number of matches, and providing players with mental health support.

In addition, instituting more stringent safety protocols, such as routine testing and stringent hygiene measures, is essential for minimising the risk of infection and protecting the health of players. The pandemic has demonstrated that player welfare and safety should be a top priority in the football industry, and that effective measures are required to safeguard the health and safety of players.

## 8.6 Homegrown players

For many years, football clubs have invested in their own academies and the development of new players. Due to increasing financial constraints on clubs and the implementation of financial fair play regulations, the development of homegrown players has become an essential investment for football clubs.

Cost savings is one of the most significant advantages of developing homegrown athletes. By investing in their academies and developing their own players, clubs can avoid the costly transfer fees and salaries that come with acquiring players from other clubs. Development of homegrown players not only save clubs money, but also assures a steady flow of talented players through the ranks. Developing native athletes can also generate revenue for football clubs. When a young player performs well on the field, other organisations may show interest. This can result in transfer fees that can provide the club with a significant financial increase. The revenue generated from the development of indigenous players can be reinvested in the club, for example, in the improvement of facilities, the expansion of the academy, or the recruitment of new players.

Developing homegrown players can also foster a sense of club ethos and identity. A club's core of homegrown athletes can foster a sense of pride and unity among its supporters. This can lead to an increase in attendance, merchandise sales, and brand strength. In addition, a strong identity and culture can attract exceptional players seeking a club with a strong sense of purpose and direction.

The development of homegrown players is essential to the long-term viability of football organisations. There can be substantial financial instability and uncertainty for clubs that rely on acquiring top players from other clubs. However, by cultivating homegrown athletes, clubs can create a business model that is less dependent on external factors and more sustainable. By investing in their academies and cultivating their own players, clubs can produce a constant stream of talented players who can contribute to the club's long-term success.

Developing homegrown athletes can assist clubs in meeting financial fair play regulations. These regulations require clubs to adhere to a budget and avoid excessive transfer fees and wages. Developing homegrown players is an efficient method for clubs to adhere to these regulations while developing a competitive squad.

## 8.7 Social impact

In the interview with Aalto (2022), emphasis was put on football as not merely being a sport, but also a form of art and theatre that evokes emotion and passion in supporters. Similar to theatre, football features a carefully crafted plot, roles performed by actors, and an engaged and invested audience. The drama and tension of a football match can be compared to that of a theatrical performance, with each player representing a character in the story and the supporters acting as the audience, reacting to the action on the pitch with cheers, jeers and applause. Aalto argues that recognising football as a form of art and theatre highlights the vital role that fans play in co-creating the match experience and emphasises the need to study the emotional and psychological impacts of live sporting events on both players and fans.

According to Grix et al. (2020), watching and participating in sports is one of the most popular activities in society, and for many sports fans, attending live sporting events is an integral part of the experience. The COVID-19 pandemic has highlighted the important role spectators play in the co-production of sporting

events. Studies have demonstrated that the presence of fans in the stadium has a substantial effect on player performance, referee decisions, and match outcomes. The volume and vigour of the crowd's clamour can have a long-lasting impact on athletes, even after their athletic careers have ended. Attending live sporting events provides a sense of community, shared experiences, and collective effervescence, all of which serve a significant function in society.

Attending weekly matches is an integral element of many football fans' social lives. The anticipation of the game, meetings with fellow fans before the game, and the shared experience during the game all contribute to the apex of the 'feelgood' factor during such events. Chanting, booing, and whistling all contribute to the atmosphere and intensity of the game, making it an experience that cannot be replicated via television or other media. Aalto's view that football is a form of art and theatre contributes to this understanding by emphasising the creativity and passion that supporters bring to the experience.

The temporary suspension of live sporting events as a result of the COVID-19 pandemic has precluded fans from experiencing the collective effervescence and 'feelgood' factor associated with attending live games. As the world returns to normal, it will be crucial for the future of sports and the well-being of sports enthusiasts to recognise the significance of football fans in the stadium.

## 8.8 Uncertainty and unpredictability

The fluctuating nature of the pandemic and the constantly changing restrictions and guidelines made it challenging for clubs to effectively plan and prepare. The situation's unpredictability made it difficult for clubs to manage football operations, adding a new level of complexity to the industry. In addition, the disruption to the football calendar has negatively affected the financial stability of clubs, with many struggling to generate revenue from matchday activities and sponsorship agreements. The lack of certainty and predictability in the industry has made it challenging for clubs to attract and retain sponsors, resulting in additional

financial difficulties. Additionally, the pandemic has highlighted the significance of crisis management and contingency planning in the football industry. In times of uncertainty and unpredictability, ensuring the sustainability and resiliency of institutions requires effective crisis management and contingency planning.

## 8.9 Future implications

### 8.9.1 Fan behaviour

The pandemic has altered how football supporters interact with clubs and teams. The restrictions on public gatherings have led to a decline in match attendance, and supporters are now more likely to stream games remotely. This shift in fan behaviour is anticipated to persist even after the pandemic has ended, as fans have grown accustomed to the convenience of viewing matches from home. Therefore, football clubs must adjust to this new reality and find ways to engage with supporters remotely via social media, interactive experiences, and other digital platforms.

### 8.9.2 Shift in balance of power

The COVID-19 pandemic has altered the balance of power between football clubs, with smaller clubs facing significant financial difficulties with clubs having been forced to reduce expenses and personnel. This has led to a concentration of power among the larger organisations such as HJK, who have been better equipped to withstand the pandemic. Therefore, the Finnish football industry may continue to consolidate, with larger clubs acquiring smaller ones or forming partnerships to share resources.

### 8.9.3 Adoption of new technologies

The pandemic has accelerated the football industry's adoption of new technologies. Clubs have been required to develop novel methods of fan engagement, such as virtual matchday experiences and interactive fan

engagement platforms. In the post-pandemic era, we can anticipate sustained investment in these areas, as clubs recognise the significance of digital engagement. In addition, the pandemic has highlighted the potential for remote training and scouting, and future clubs may implement these technologies.

### 8.10 Organisational theories in football

The two theories that apply most to football teams are contingency or decision theory and contemporary systems theory. According to decision or contingency theory, there is no one-size-fits-all approach to organisational management (Gordon, 2022). This theory is extremely applicable to football teams because each game presents unique circumstances, such as the strengths and weaknesses of the opponent, team compositions, and game scenarios. To achieve success on the pitch, coaches must make strategic decisions that are tailored to the current situation, such as altering the team's formation or substituting players.

Modern systems theory emphasises the significance of effective communication and coordination and the interdependence of an organisation's various components (Toppr, 2019). This theory emphasises the importance of communication and coordination between players and coaches on football teams. Communication and coordination are essential for success on the pitch, as players must coordinate their movements and make split-second decisions. Coaches must also effectively communicate with players and support staff to ensure that everyone is working towards the same objectives.

Classical organisational theory and human relations or neo-classical theory are less pertinent to football teams. The objective of classical organisational theory is to maximise efficiency and productivity through hierarchical structures and labour division (Harappa, 2021). These concepts may not readily translate to the dynamic and complex football environment. Human relations or neoclassical theory places a greater emphasis on social relationships and individual



motivation (Business Jargons, 2016), which are applicable to football teams but are not central to the analysis of organisational dynamics within a football team.

#### 8.10.1 Theories during COVID-19

During the pandemic, contingency or decision theory was a crucial strategy for IF Gnistan, FC Honka and HJK. The teams have been required to make quick judgements in order to adapt to the changing conditions. For instance, when the Finnish government suspended all professional football matches in March 2020 to prevent the spread of the virus, teams had to determine how to continue training while adhering to government regulations. IF Gnistan, FC Honka, and HJK had to adapt fast to ensure that players received adequate training while adhering to the restrictions imposed. These teams were able to maintain their training regimens and keep their players in shape despite the suspension of professional football matches by rapidly adapting to changing circumstances.

During the pandemic, modern systems theory has also been highly pertinent to these teams. To ensure that everyone is on the same page, the teams have had to implement effective communication and coordination. HJK, for instance, has established routine virtual meetings between coaches and athletes to discuss training regimens and strategies. Additionally, they have utilised online tools to facilitate communication between participants and staff. Similarly, FC Honka and IF Gnistan have used digital tools to keep in touch with players and support personnel and make sure that everyone is informed of the most recent developments and safety procedures. These teams have been able to overcome the challenges presented by the pandemic by maintaining effective communication and coordination.

Classical organisational theory and human relations or neoclassical theory were less directly applicable to the pandemic-era strategies employed by these teams. The need to prioritise the health and safety of athletes and employees has taken precedence over the need to maximise efficiency and productivity. Similarly, despite the importance of maintaining social relationships and individual

motivation, the focus has been on creating secure environments that enable athletes and staff to perform at their peak. The organisations have taken precautions to reduce the risk of infection and protect the athletes and staff. Regular testing, social isolation, and the use of personal protective equipment have been implemented. By prioritising the health and safety of players and personnel, these teams have been able to maintain the confidence of their stakeholders and continue to perform at a high level despite the pandemic's challenges.

#### 8.10.2 Theories to use in post pandemic era

Several organisational theories may offer helpful insights and direction as Finnish football teams work to recover from the COVID-19 pandemic and its economic and social effects. Football clubs may find it helpful to streamline their operations and cut costs while maintaining a clear chain of command and set processes if they use the classical organisational theory, which places an emphasis on hierarchy, efficiency, and production (Harappa, 2021). Clubs may be able to adjust to the new economic realities and maintain their competitiveness by segmenting labour into specialised duties, streamlining procedures, and reducing waste. This strategy, meanwhile, runs the danger of undermining employee creativity and morale while ignoring the human element in businesses.

Alternatively, the neo-classical or human relations theory, which emphasises the significance of leadership, motivation, and communication in fostering a healthy work environment, may assist football teams in preserving and enhancing their human capital throughout the epidemic (Business Jargons, 2016). Clubs may increase their staff's resilience and engagement, which may then improve their performance and organisational commitment through promoting teamwork, offering emotional support, and allowing employees to participate in decision-making. With this strategy, clubs could also need to be adaptable to the requirements and interests of its members as well as to diversity and inclusiveness.

Football clubs may benefit from using the contingency or choice theory to tailor their reaction to the epidemic depending on their unique context and objectives, as it holds that there is no one-size-fits-all approach to organisational design and strategy. Clubs may be able to determine the best course of action, such as diversifying revenue streams, investing in youth development, or enhancing the social impact of their activities, by evaluating the environmental circumstances, internal resources, and stakeholders' expectations. Clubs may also need to be flexible and inventive as well as routinely monitor and assess their performance as a result of this strategy.

Finally, football clubs may benefit from adopting a comprehensive and strategic perspective on their operations and goals thanks to the modern systems theory, which views organisations as complex and dynamic systems that interact with their surroundings (Toppr, 2019). Clubs may be able to pinpoint the source of issues and window of opportunity for improvement by examining the interdependencies between various organisational components, feedback loops, and emerging patterns. Clubs may also be required to use digital technology, data analytics, and stakeholder interaction as part of this strategy, as well as to promote a culture of ongoing learning and improvement.

Overall, depending on their unique circumstances and challenges, Finnish football teams may benefit from incorporating insights and strategies from several organisational theories. Clubs may be able to improve their resilience, sustainability, and performance in the post-pandemic era by adopting a nuanced and adaptive approach on organisational design and administration.

### 8.11 Limitations

While the study on the effect of COVID-19 on operations and finances in Finnish football provides valuable insights into the challenges faced by the industry during the pandemic, it is important to acknowledge some limitations of the study.

This study relies on self-reported data from the football clubs, which could incorporate bias into the data. The organisations may have exaggerated or underestimated their financial losses or operational difficulties, which could influence the study's overall findings. In addition, the study's sample size is relatively modest and may not be representative of the entire Finnish football industry. This could limit the findings' applicability to other organisations or regions.

A further limitation of the study is its exclusive concentration on the COVID-19 pandemic as the primary factor influencing the operations and finances of football clubs. Although the pandemic has had a significant impact, other factors, such as changes in consumer behaviour or shifts in the global economy, may also contribute to the industry's financial and operational difficulties.

This study provides only a snapshot of the effects of COVID-19 on Finnish football, and there may be long-term effects that are not captured by the data. For instance, the shift in fan behaviour towards remote viewing may have future ramifications for stadium attendance and revenue that are not thoroughly investigated in the study.

The purpose of this study was to examine various aspects of Finnish football during the 2020-2021 seasons, when COVID-19 was affecting operations the most. The pandemic of COVID-19 had widespread effects on the sporting world, including football. The impact of travel restrictions, quarantine measures, and social distancing guidelines on the performance and outcomes of teams and players in various countries varied. The results of this study may shed light on the state of Finnish football, but they are not inherently applicable to other countries or football leagues.

Future research could benefit from examining the effects of the pandemic on football in multiple countries and regions in order to obtain a more comprehensive understanding of its impact on the sport. This could entail analysing how different countries and leagues adapted to the pandemic and how this affected team

performance and player outcomes. COVID-19 is not a permanent market disruption, and the financial part of football will most likely return to the state that it was in before the pandemic started. In addition to this, future research may look into the time needed for teams and football associations to recover fully from the pandemic as well as the actions they took. As COVID-19 had an effect on sponsors and partners, future research could also look into the effects COVID-19 had on these companies. Sponsors have suffered, especially those relying on a combination of event exposure, player endorsements and retail sales. Future research could look into the impact this had.

## **9 Conclusion**

Through a broad analysis of the impact of the COVID-19 pandemic on the Finnish football industry, this thesis offers valuable insights into the challenges and opportunities that have emerged in the wake of the crisis. The pandemic has caused significant disruptions in the operations of football clubs, affecting their revenue streams, player contracts, and human resource management practices. Nevertheless, it has also provided an opportunity for innovation and growth, as clubs have explored new business opportunities and diversified their income sources.

Effective decision-making and leadership are crucial in responding to the pandemic, as well as the need for strategic human resource management practices that prioritise the welfare of players and the development of homegrown talent. The study also highlights the significance of organisational theories in football, providing a framework for understanding the complex and interrelated systems that underpin the industry.

Moreover, the thesis emphasises the importance of diversifying income streams as a key factor in helping football clubs withstand market disruptions, such as the COVID-19 pandemic. Relying heavily on a single revenue source can leave a club vulnerable to sudden drops in income. Therefore, it is vital for clubs to

explore alternative revenue streams, such as merchandise sales, sponsorship deals, and other forms of advertising.

The case studies of IF Gnistan, FC Honka, HJK, and a FC Honka player demonstrate the impact of the pandemic on the operations and finances of Finnish football teams. The pandemic has disrupted revenue streams and led to financial challenges for many teams. However, some teams have adapted to the new situation by implementing cost-saving measures, seeking new business opportunities, and diversifying their income streams.

Furthermore, changes in training, player contracts, and the role of supporters have affected the operations of football teams. Teams have had to adopt new strategies to attract supporters back to the stadiums and provide a safe environment for players and staff. Despite the challenges, there is optimism for the future as teams continue to innovate and adapt to the new normal.

Looking forward, the pandemic is likely to have a lasting impact on Finnish football, with changes in fan behaviour, a shift in the balance of power, and the adoption of new technologies. Thus, it will be crucial for teams to manage their finances effectively, invest in homegrown players and talent development, and maintain strong relationships with their supporters and stakeholders.

In conclusion, this thesis highlights the challenges and opportunities presented by the COVID-19 pandemic in Finnish football. By learning from the experiences of the case studies, football teams can continue to evolve and thrive in a changing landscape.

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## **Appendices**

### **IF Gnistan interview questions**

How has Covid-19 affected IF Gnistan?

Through what channels do IF Gnistan's revenues come?

Are match events important for IF Gnistan's revenue streams?

Has Covid-19 brought any new business opportunities that were not present before for IF Gnistan?

Do you have anything new to offer to partners now that the utilisation of match events has decreased for IF Gnistan?

How have plans for the upcoming season been made for IF Gnistan?

Has the sale of partnership packages or match sponsorships decreased due to Covid-19 for IF Gnistan?



## **FC Honka interview questions**

How has COVID-19 affected FC Honka?

What kind of losses were incurred due to the start of COVID-19 in 2020?

How did it continue in 2021 for FC Honka?

Where do FC Honka's revenues come from?

Are match events important for FC Honka?

Has COVID-19 brought any new business opportunities that were not present before for FC Honka?

Do you have anything new to offer to partners now that the utilisation of match events has decreased for FC Honka?

How have plans for the upcoming season been made, from the perspective of risks or opportunities, for FC Honka?

Has the sale of partnership packages become more difficult or decreased due to COVID-19 for FC Honka?

When COVID-19 started, FC Honka's players were laid off. Did this result in significant savings?

Does the lack of European games in the 2022 season affect the player budget for FC Honka?

Will Honka give more opportunities to its own talents in order to save money?

Is the new stadium still in the plans? Has COVID-19 affected the plans in any way?

Would the new stadium get fans excited about FC Honka games again?

What kind of support has been received from Veikkausliiga and/or the Finnish Football Association (Palloliitto)?

What kind of support would you have wanted to receive?

## **HJK interview questions**

How has COVID-19 affected HJK?

What kind of losses did HJK incur due to the start of COVID-19 in 2020, and how did it continue in 2021?

What have you done or changed to minimise the impact of COVID-19 on HJK's finances?

Where do HJK's revenues come from?

Are match events important to HJK's revenue stream?

Has a plan been made for the revenue generated from Conference League games?

Has COVID-19 affected the player budget?

Has COVID-19 brought about any new business opportunities that were not present before?

Do you have any new offerings for partners now that the use of match events has decreased?

How have the plans for the upcoming season been made, taking into account risks and opportunities?

Has the sale of partnership packages decreased or become more difficult due to COVID-19?

What kind of support has been received from the Veikkausliiga and/or the Football Association of Finland?

What kind of support would you have liked to receive?

## **Player interview questions**

How has COVID-19 affected the players?

How do you receive income as a Veikkausliiga player?

What has changed from the time before COVID-19 to the time after the pandemic?

How important is it to have supporters in the stadium?

In your opinion, how can we get more people in the stadium after COVID-19?

Has COVID-19 brought any new opportunities that were not available before?

In 2020, according to Ilta-Sanomat, players reportedly suggested a 50% pay cut instead of layoffs, which FC Honka apparently did not agree to. What happened then?

How significant do you see FC Honka's new stadium?

What kind of financial or emotional support was provided during COVID-19?

What kind of support would you have wanted?

Has everything returned to normal now?